


REPORT

DATE: May 1, 2003
TO: The Transportation and Communications Committee (TCC)
FROM: Tonya Gorham, Government Affairs Analyst
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SUBJECT: AB 684 (Dutra) – Public Transit Smart Cards

EXECUTIVE DIRECTOR'S APPROVAL



RECOMMENDED ACTION: Support in concept

SUMMARY: AB 684 introduced by Assembly Member Dutra (D - Fremont) February 19, 2003 would require all publicly owned transit operators who chose to implement a smart card system to comply with specified requirements. The bill would also require the Department of Transportation (DOT) along with these transit agencies to establish a committee of smart card system managers.

SCAG staff recommends a support in concept position on AB 684, as the legislation implements part of SCAG's Regional Transportation Plan. AB 684 attempts to set a standard for interoperability of various smart cards in the state, leading to a seamless transit fair medium. In the SCAG region the Ventura County Transportation Commission (VCTC), the sponsor of AB 684, already has a fully functional smart card system and other agencies including Los Angeles County Metropolitan Transit Authority (MTA) and Orange County Transportation Authority (OCTA) are in various stages of smart card deployment.

BACKGROUND:

AB 684 outlines the following requirements for publicly owned transit operators who choose to implement a smart card system:

- All smart card systems placed under contract for installation after December 31, 2004 are required to contain a slot reserved for a public domain Security Access Module (SAM).
- All smart card systems in operation or under contract for installation prior to December 31, 2004, must procure equipment with a slot reserved for the public SAM as related components of their existing system are replaced or upgraded.
- All transit agencies that purchase technology to accept smart card fare payments are encouraged to also accept smart card electronic purse (e-purse) transactions from other transit operators.
- A public domain e-purse application and an associated public domain SAM will be developed for the purpose of facilitating interoperability between systems that do not have compatible technology that meet this requirement.

AB 684 also requires the DOT to form a committee of smart card system managers, consisting of representatives from the following: Metropolitan Transit Commission (MTC), VCTC, Los Angeles County MTA, OCTA, and Metropolitan Transit Development Board. The committee will oversee the development of specifications and software to implement the public domain e-purse application and associated public domain SAM and create the standards for their development by June 2005.

Once the committee has developed the standards, DOT will solicit proposals from smart card vendors for the development of the public domain e-purse application and associated public domain SAM, which will be available to all vendors and agencies that wish to develop interoperable smart card systems. DOT must

submit a report to the Legislature by January 1, 2006, and annually thereafter, describing the progress made towards the implementation of statewide interoperable smart card systems.

SUPPORT:

AB 684 is sponsored by VCTC. Though no formal support positions have been recorded, several agencies including OCTA and Metrolink have signaled support for the legislation.

OPPOSE:

There are currently no agencies on record in formal opposition to AB 684.

BILL STATUS:

AB 684 was scheduled to be heard in Assembly Transportation Committee on April 21, 2003. The hearing was postponed and rescheduled for April 28.

FISCAL IMPACT:

All work related to adopting the recommended staff action is contained within the adopted FY 02/03 budget and adopted 2003 SCAG Legislative Program and does not require the allocation of any additional financial resources.

ATTACHMENT:

AB 684 Text



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AB 684 TCC Report
docs#84212



**SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS**

ASSEMBLY BILL

No. 684

Introduced by Assembly Member Dutra

February 19, 2003

An act to add 99180 to the Public Utilities Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 684, as introduced, Dutra. Public transit smart cards.

Existing law requires transit operators to honor any current identification card that is valid for the type of transportation service or discount requested and that has been issued to an individual with disabilities by another transit operator.

This bill would require all publicly owned transit operators who choose to implement a smart card system, as defined, to comply with specified requirements. The bill would require the Department of Transportation and the transit agencies who choose to implement the smart card system to establish a committee of smart card systems managers. The bill would require the department to submit a report to the Legislature not later than January 1, 2006, and annually thereafter, describing the progress toward implementing a statewide interoperable smart card system.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares as follows:
2

1 (a) Smart card electronic payment media systems, both contact
2 and contactless, excluding magstripe or paper fare medium, can
3 enhance transit passenger mobility, expedite transit boardings,
4 reduce fare collection costs, and provide valuable planning
5 information.

6 (b) Smart cards used on public transit are likely to have
7 widespread applications outside of transit use.

8 (c) More than one system and technology is available.

9 (d) There are multiple agencies in the state operating a variety
10 of transit modes, who are potential users of smart card systems.

11 (e) There are currently no smart card electronic payments
12 media systems operating on transit systems in the state, although
13 several operators have selected a system or technology for future
14 implementation.

15 (f) It is in the best interest of transit passengers and transit
16 operating agencies, as well as other potential users of systems, to
17 have smart card electronic payment media and technology that can
18 read and write data from all smart card systems in the state.

19 (g) Compatible smart card electronic payment media systems
20 can be selected for statewide use without requiring the purchase
21 and installation from a single vendor or producer.

22 (h) The use of smart cards can greatly increase the level of
23 convenience and facilitate transfers for transit riders, and increase
24 efficiency and reduce costs for transit providers, potentially
25 leading to increased transit ridership and reduced automobile
26 dependency.

27 SEC. 2. Section 99180 is added to the Public Utilities Code,
28 to read:

29 99180. (a) For those publicly owned transit operators who
30 choose to implement a smart card system, all smart cards, contact
31 or contactless, excluding magstripe or paper fare medium, used as
32 electronic fare media shall comply with the following
33 requirements:

34 (1) All smart card systems placed under contract for
35 installation after December 31, 2004, shall contain a slot reserved
36 for a public domain Security Access Module (SAM) regardless of
37 the vendor, manufacturer, or issuing public transit system
38 operator.

39 (2) All smart card systems in operation or under contract for
40 installation prior to December 31, 2004, shall procure equipment

1 with a slot reserved for the public security access module (SAM)
2 pursuant to paragraph (1) as related components of their existing
3 system are replaced or upgraded.

4 (3) All transit agencies that purchase technology to accept
5 smart card fare payments are encouraged, but not required, to also
6 accept smart card electronic purse (e-purse) transactions from
7 other transit operators within the state. Acceptance of e-purse
8 transactions from another system shall be dependent on the
9 application issuer and transaction acquirer agreeing on the
10 following:

11 (A) The application being accepted for payment can comply
12 with the acceptors standards for security, audit, business rules
13 execution, and settlement processing.

14 (B) The acceptor's systems can interact with the card
15 application consistent with the application issuer's standards for
16 security, audit, business rules execution, and settlement
17 processing.

18 (C) A certification process that demonstrates that both the
19 acceptor's and issuer's standards are being met.

20 (D) The financial terms of the agreement.

21 (4) A public domain e-purse application and an associated
22 public domain security access module (SAM) shall be developed
23 for the purpose of facilitating interoperability between systems
24 that do not have compatible technology that meet the requirements
25 of paragraph (3).

26 (b) The Department of Transportation acting as the lead
27 agency, shall establish a committee of smart card system
28 managers, consisting of representatives from Metropolitan Transit
29 Commission, Ventura County Transportation Commission, Los
30 Angeles County Metropolitan Transit Authority, Orange County
31 Transit Authority, and Metropolitan Transit Development Board,
32 to oversee the development of specifications and software to
33 implement the public domain e-purse application and associated
34 public domain SAM. The committee shall develop the standards
35 to which the public domain e-purse application and associated
36 public domain SAM shall be developed by June 2005.

37 (c) Upon completion of the standards, the department shall
38 solicit proposals from smart card vendors for the development of
39 the public domain e-purse application and associated public
40 domain SAM. This public domain e-purse application and

1 associated public domain SAM shall then be available to all
2 vendors and agencies that wish to develop interoperable smart card
3 systems.

4 (d) For purposes of this section, “smart card system” is a
5 system that utilizes a computer chip and is capable of exchanging
6 information with a device that monitors fare.

7 (e) The department shall submit a report to the Legislature not
8 later than January 1, 2006, and annually thereafter, describing the
9 progress made towards the implementation of statewide
10 interoperable smart card systems.

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